



WEBB COUNTY

CIVIL PRACTICE

RICO

Plaintiff claimed defendants tried to extort money

Vol. 10 Issue 4 | January 25, 2010

VERDICT
of the **WEEK**

Civil Practice

**Plaintiff claimed
defendants tried to
extort money****\$112,119,005***ADT Security Services S.A. de
C.V. v. Alert Security LLC*

Webb Co. Dist. Ct., 111th

Plaintiff Counsel Thomas R. Ajamie,
John W. Clay and C. David Mee, Ajamie
LLP, Houston; John A. Kazen, Kazen,
Meurer & Perez LLP, Laredo**Defense Counsel** Marcel C. Notzon III,
The Notzon Law Firm, Laredo; Emilio
Davila Jr., Laredo; Craig A. Lawrence,
Attorney at Law PC, Laredo**Full report on page 19**

VERDICT	\$112,119,005
CASE	ADT Security Services, S.A. de C.V. v. Alert Security, L.L.C., Adelina Federico, Jesus Hernandez Alcocer, and Asociados Multidisciplinarios, S.A. de C.V., No. 2006-CVQ-001051-D2
COURT	Webb County District Court, 111th, TX
JUDGE	Raul Vasquez
DATE	10/14/2009
PLAINTIFF	
ATTORNEY(S)	Thomas R. Ajamie, Ajamie LLP, Houston, TX John W. Clay, Ajamie LLP, Houston, TX John A. Kazen, Kazen, Meurer & Perez, L.L.P., Laredo, TX C. David Mee, Ajamie LLP, Houston, TX
DEFENSE	
ATTORNEY(S)	Marcel C. Notzon III (lead), The Notzon Law Firm, Laredo, TX Emilio Davila Jr., Laredo, TX Craig A. Lawrence, Attorney at Law, P.C., Laredo, TX

FACTS & ALLEGATIONS Between 1999 and 2002, plaintiff ADT Security Services provided alarm monitoring security services to homeowners and business owners throughout Mexico; ADT participated in an authorized dealer program with certain approved distributors. Under the program, distributors signed up customers in Mexico for home alarm monitoring contracts with ADT. In 2002, the plaintiff canceled this arrangement with a number of distributors. In response, a few distributors hired Jesus Hernandez Alcocer and his Mexican company, Asociados Multidisciplinarios S.A. de C.V. The dealers later entered into alleged assignment agreements with Alert 24 Security LLC. Adelina Balderrama Federico, is the president and sole owner of Alert 24 Security and Jesus Hernandez Alcocer is the company's legal representative. Asociados Multidisciplinarios is a Mexican company in which Alcocer is the original sole administrator.

ADT sued Alert 24 Security, Federico, Alcocer and Multidisciplinary Associates. ADT claimed that between 2002 and 2008, the defendants authorized the filing of seven criminal complaints that targeted 13 of ADT's current and former management and employees. This resulted in 21 arrest warrants and the imprisonment of five personnel in Mexican jails for a cumulative total of 71 days. Ten of the accused were forced to leave their positions; some complaints were filed in the name of the distributors while others were in the name of Alert 24. Eventually there were no convictions from the complaints and all charges were dismissed.

ADT claimed that the defendants were attempting to extort money from ADT by means of the criminal complaints, and that Alert 24 had no basis to claim ownership of the security equipment called Electronic Event Detection Devices ("EEDDs").

The defendants countered that Alert 24 Security purchased 167,933 EEDDs from 33 former authorized dealers of ADT. Each of the former authorized dealers issued an invoice to Alert 24 Security along with a contract establishing that the dealers were transferring ownership of the equipment to Alert 24 Security.

The defendants also noted that Federico purchased a 100 percent interest in Alert 24 on June 19, 2002 and he is a 100 percent owner of Alert 24 Security LLC – the entity which purchased all of the 167,933 EEDDs.

Alert 24 Security countersued for quantum meruit charging that it owned certain alarm equipment installed in the homes and businesses of approximately 167,000 customers.

INJURIES/DAMAGES The plaintiff asked for an award that ranged from \$21 million to \$36 million, before mandatory trebling of the civil RICO Act, in actual damages for lost profits resulting from the disruption caused by the defendants.

Alert 24 Security requested an award in excess of \$129,980,142 for the value of goods and services it provided to ADT.

RESULT The jury found Alcocer, Alert 24 and Multidisciplinary Associates had each committed the RICO Act predicate offense of interference with commerce by extortion. The jury also found that Alcocer had committed the additional RICO

Act predicate offense of tampering and wire fraud. Liability was assessed at \$36,016,226, all of which was apportioned to defendant Alcocer. This resulted in an award of \$108,048,678 after mandatory trebling under 18 U.S.C. 1964(c). With pre-judgment interest that total award is \$112,119,005

The jury also found for Alert 24's quantum meruit and awarded it \$7,886,582 in damages.

TRIAL DETAILS Trial Length: 3 weeks
Trial Deliberations: 6 hours
Jury Vote: 12-0
Jury Composition: 6 male, 6 female

PLAINTIFF

EXPERT(S) Janet F. Masson, document analysis, Houston, TX
Gene A. Trevino, Ph.D., economics, San Antonio, TX

DEFENSE

EXPERT(S) Robert Hancock, CPA, accounting, Houston, TX
Carlos Robledo, legal services

EDITOR'S NOTE The information in this report was provided by plaintiff's counsel and defense counsel.

—James Withers